

July 7, 1997

U. S. Department of the Treasury
Room 526, Liberty Center
401 14th Street, S. W.
Washington, D. C. 20227
ATTN: Director, Card Technology Division, Financial Management Service

RE: Comments to Proposed Rule for Selection and Designation of Financial Institutions as Financial Agents for Electronic Benefits Transfer

To Whom It May Concern:

Thank you for providing the opportunity to comment on the proposed rule regarding Credit Unions providing electronic services to recipients of government benefits who do not currently have a financial institution.

In reviewing the proposed rules, it appears that financial institutions will be designated as Financial Agents by the Department of the Treasury and subject to specific duties regarding this relationship. The ruling does not outline the required criteria necessary to be designated as the Financial Agent. Many financial institutions may consider this relationship a positive community effort while to others it could be an operational hindrance and expense. The Department of the Treasury should consider requesting participation on a voluntary basis or develop criteria based on the financial institution's national exposure and asset size.

To be eligible for membership at Mission Federal Credit Union, an individual or entity must qualify within the Credit Union's field of membership and must subscribe and maintain at least one share at \$100 par value as required by our bylaws. It is doubtful the number of individuals who currently receive government benefits and who do not have an account with a financial institution would be within our field of membership, which is the educational community. In addition, these individuals may be unable to afford the \$5 Membership Fee.

As a federally chartered Credit Union, would it be necessary to modify the Federal Credit Union Act to permit services/products to individuals who are not in the credit union's charter? This is of particular interest with the recent decision of the Supreme Court which requires occupational credit unions to only add new members from existing select employee groups (SEGs) as well as other membership/chapter issues currently being challenged by bankers in several states.

The operational impacts and expenses to the Credit Union could be extensive. These impacts and expenses include maintaining pledged collateral which limits our ability to borrow, installing a stored-value card system, programming the system to house these funds outside of an account, and any other duties imposed by the Treasury at their discretion.

TECHNICAL SUPPORT

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<http://www.missionfcu.org>

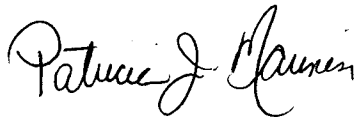
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By acting as an agent to the Department of the Treasury, the Credit Union will enter into a contract with the Department requiring compliance with federal affirmative action, Equal Employment Opportunity Act, and the Veterans Employment and Readjustment Act of 1972. This requirement could only heighten the compliance obligations already imposed.

The Direct Deposit Too program, which is a proposed marketing initiative encouraging financial institutions to offer simple, low-cost accounts for the purpose of Direct Federal Payments, is an excellent way of servicing this market. This approach could prove to be more manageable and less costly. In addition, this marketing tool could provide insight into possible revenue potential and the possibility of a tax right-off for the financial institution would further enhance this service.

If we can provide any additional assistance in this manner, please feel free to contact us.

Regards,

A handwritten signature in cursive script, appearing to read "Patricia J. Marinesi".

Patricia J. Marinesi
Technical Support Specialist